

Message Text

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PAGE 01 KUALA 00243 110958Z

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 /029 W

-----111024Z 002435 /21

R 110756Z JAN 77

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 5846

INFO AMEMBASSY SINGAPORE

AMEMBASSY JAKARTA

LIMITED OFFICIAL USE KUALA LUMPUR 0243

E.O. 11652: N/A

TAGS: EINV, ELAB, MY

SUBJECT: ELECTRONIC FACTORIES LAYOFF WORKERS IN PANANG

1. SOURCES IN ELECTRONICS INDUSTRY HAVE CONFIRMED RECENT PRESS REPORTS THAT TWO U.S. FIRMS HAVE LAID OFF ABOUT 500 WORKERS IN PENANG. FIRMS INVOLVED ARE LITRONIX WHICH LET GO ROUGHLY 400 WORKERS AND MONOLITHIC MEMORIES WHICH LAID OFF 70 EMPLOYEES. BOTH FIRMS CLAIM TO HAVE CONSULTED GOM BEFORE TAKING THIS ACTION. DROP OFF IN FOURTH QUARTER ORDERS IS REASON WORKERS LAID OFF. COMPANIES INVOLVED NOW SEE SALES FIRING UP AND ARE CONVINCED THAT NO FURTHER LAY OFFS WILL BE REQUIRED. MALAYSIAN TRADE UNION CONGRESS HAS TRIED TO CAPITALIZE ON THIS WITH CAMPAIGN IN PRESS DESIGNED TO ENCOURAGE GOM TO ALLOW IT TO UNIONIZE ELECTRONICS PLANTS. INDUSTRY SOURCES DO NOT BELIEVE THIS WILL SUCCEED UNLESS SITUATION BECOMES MUCH WORSE THAN IT IS AT PRESENT.

2. COMMENT: GOM REMAINS HYPER-SENSITIVE TO LAYOFFS, ESPECIALLY IN ELECTRONICS SECTOR. IN EARLY 1975, SUCH LAYOFFS, UNDERTAKEN WITHOUT PRIOR CONSULTATION WITH GOM, ALMOST LED TO EXPULSION OF AMERICAN MANAGER OF ELECTRONICS PLANT. IF INDUSTRY SOURCES CORRECT THAT THIS REPRESENTS EXTENT

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OF LAYOFFS, GOM UNLIKELY TO TAKE ANY ACTION. IF FURTHER LAYOFFS FORTHCOMING, HOWEVER, AT MINIMUM GOVERNMENT MAY HAVE TO RESORT TO PUBLIC EXPRESSIONS OF CONCERN. IT IS UNLIKELY THAT GOM WILL ALLOW LABOR MOVEMENT TO UNIONIZE INDUSTRY, WHICH AT FOREFRONT OF GOVERNMENT EFFORTS TO DIVERSIFY EXPORT SECTOR AND IMPROVE FOREIGN INVESTMENT CLIMATE. FURTHERMORE, IN NUMBER OF PLANTS WORKERS PROBABLY

WOULD NOT SUPPORT UNION SINCE PRESENT BENEFITS
EXCEED WHAT UNIONS HAVE OBTAINED IN OTHER INDUSTRIES.
UNDERHILL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESS LOSSES, PERSONNEL SEPARATIONS, LABOR FORCE
Control Number: n/a
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Sent Date: 11-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: EINV, ELAB, MY, US, LITRONIX, MONOLITHIC
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